

CGX Energy Inc.

OYL : TSX-V : C\$1.83

SPECULATIVE BUY

Target: C\$2.25

J. Frederick Kozak, P.Eng. 1.403.508.3836
 frederick.kozak@canaccord.com

Peter Argiris 1.403.508.3824
 peter.argiris@canaccordadams.com

COMPANY STATISTICS:

Forecast Return %:	23
52-week Range:	US\$0.57-1.99
Avg. Daily Vol. (000s):	150.0
Shares Out (M) basic:	127.3
Shares Out (M) fd:	137.1
Market Cap (M):	US\$233.0
Net Debt (M):	US\$(15.9)
Enterprise Value(M):	US\$217.1

EARNINGS SUMMARY:

FYE	2008E	2009E	2010E	2011E
Oil & NGL (b/d):	NA	NA	NA	NA
Natural Gas (mmcf/d):	NA	NA	NA	NA
Total (boe/d):	NA	NA	NA	NA
EPS (fd)	(\$0.05)	(\$0.03)	(\$0.03)	(\$0.01)
CFPS (fd):	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.02)

Commodity Prices	2008E	2009E	2010E	2011E
WTI (US\$/b):	\$99.92	\$61.76	\$80.00	\$85.00
NYMEX Gas (US\$/mmbtu):	\$8.89	\$3.95	\$6.00	\$6.12

SHARE PRICE PERFORMANCE:



COMPANY SUMMARY:

CGX Energy is a Canadian-based oil and gas company focused on offshore and onshore oil exploration in the Guyana-Suriname basin.

All amounts in US\$ unless otherwise noted.

Energy -- Oil and Gas, Exploration and Production

UPDATED RESOURCE REPORT; MAINTAIN TARGET AND RATING

Event

On March 12, CGX provided an updated independent resource assessment completed by Gustavson Associates LLC. The report provided an estimate for three prospects on the company's 100%-owned Corentyne Offshore Petroleum Prospecting Licence (PPL) located offshore Guyana. The update estimates that the company is exposed to a total combined prospect size ranging from 400 million barrels to 8.0 billion barrels from three prospect types. However, the mean combined prospective resource potential of 2.8 billion barrels is basically unchanged from the previous mean of 2.7 billion barrels.

Impact

Neutral to positive. The updated resource assessment utilizes the company's recently acquired 3D seismic data. As a result, the evaluators were able to better pinpoint the prospect size range. However, we note that CGX must still drill a successful well to confirm the presence of hydrocarbons on its offshore landholdings.

Valuation

Our 12-month target price of C\$2.25 is based on a discounted cash flow analysis of the mid-range prospect size of 400 million barrels and a successful farm-out of the company's interest to 60%. Using a matrix for possible oil prices and operating costs, we maintain our C\$2.25 target price and SPECULATIVE BUY rating.

Next catalyst

The most important catalyst will be the conclusion of a successful farm-out of the Corentyne PPL, expected around the end of Q1/10.

Canaccord Adams is the global capital markets group of Canaccord Financial Inc. (CF : TSX | CF. : AIM)

The recommendations and opinions expressed in this Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all the Designated Investments and Relevant Issuers discussed herein. For important information, please see the Important Disclosures section in the appendix of this document or visit <http://www.canaccordadams.com/research/Disclosure.htm>.

RISKS AND VALUE PROPOSITION

In this uncertain market environment, we thought it important to highlight the company-specific risks and the potential value proposition for CGX Energy. This is an early-stage exploration company with significant resource exposure, but we note that with so many opportunities to invest, investors are also looking towards where they can either make money or avoid losing money.

Risks

CGX faces limited risks as it is very early in the exploration phase of its two focus offshore blocks in Guyana. These include financing risk and resource risk. Of the two, financing is the more pressing issue for the company, but the resource risk is not far behind.

Financing risk: CGX has successfully financed the acquisition and processing of its 100%-owned 964 square kilometres of 3D seismic on the Corentyne Petroleum Prospecting Licence (PPL) offshore Guyana as well as its 25% share of processing of the 2,344 square kilometres of 3D seismic from the Georgetown PPL. However, the company does not have sufficient funds to pay for drilling of wells on either block, with the Corentyne well estimated to cost around \$70 million by our estimates.

In these capital markets, we are reasonably certain that the company would have great difficulty raising any equity via debt financing, thus we assume any capital raised would be equity-based. That leaves the risk of finding a new partner for the 100% interest Corentyne PPL. We believe that the only likely partner(s) would be existing operators in the area who are comfortable with the regional geology, resource potential, etc. This would limit the possible partners for CGX and also limit the potential of getting overly attractive terms on a farm-out.

Market conditions remain challenging, but the potential as mapped on 3D seismic appears to be massive. Notwithstanding these risky times, we believe that CGX will find a willing partner to drill an exploration well on the company's lands.

Resource risk. The resource risk remains very real, but there is some comfort in the knowledge that offshore Guyana is a known hydrocarbon province, supported by offshore hydrocarbon shows in previous wells. There remains the standard exploration risk that the first well will not find any hydrocarbons, but we assume that CGX will mitigate this risk by drilling the best prospect first. With brand-new 3D seismic data, the exploration risk will be mitigated, but remains substantial.

Value proposition

We believe that there is a significant value proposition in CGX today. Unrisked resource potential has been estimated by independent third-party evaluators as ranging from 0.4 billion barrels to 8.0 billion barrels of oil in place on the company's 100%-owned Offshore Corentyne PPL.

The seismic data appear to show definitive structures and, should CGX generate interest and find a partner and drill the well, shareholders may also see an early value event. Given the resource potential and the relative interest of multinational oil and gas exploration and development companies, CGX may become an acquisition target. This would give CGX shareholders an early payout on the landholdings the company has assembled and could come before the end of this year.

RESOURCE ESTIMATE UPDATED – STILL LOTS OF OIL

On March 12, 2010, CGX provided an updated independent resource assessment completed by Gustavson Associates LLC. The report provided an estimate for three prospects on the company's 100%-owned Corentyne Offshore Petroleum Prospecting Licence (PPL) located offshore Guyana.

Figure 1: Gustavson resource assessment – February 2010

2010 Prospect	Prospective Oil Resources (mmbbl)		
	Low Estimate	Best Estimate	High Estimate
Eagle Lower Turonian	187	1,269	3,340
Eagle Upper Turonian	144	1,241	3,949
Eagle Tertiary	67	315	693
Sum of prospects	398	2,825	7,982

Source: Company reports, Gustavson Associates

This assessment compares with the previous one completed in 2008 by the same independent engineer but includes the recently acquired 505 square kilometres of 3D seismic which was not in the 2008 assessment (Figure 2). Note that the previous assessment did have the benefit of limited 2D seismic.

Figure 2: Previous Gustavson resource assessment – January 2008

2008 Prospect	Prospective Oil Resources (mmbbl)		
	Low Estimate	Best Estimate	High Estimate
Eagle Shallow Fan	153	545	1,956
Wishbone Shallow Fan	186	439	1,043
Eagle Deep West	379	859	1,590
Eagle Deep East	415	904	1,636
Sum of prospects	1,133	2,747	6,226

Source: Company reports, Gustavson Associates

There was a significant decrease in the low estimate of resources while the best estimate remained essentially unchanged and the high estimate increased by 28%. Furthermore, four additional leads were identified within the licence but were not assigned prospective resources.

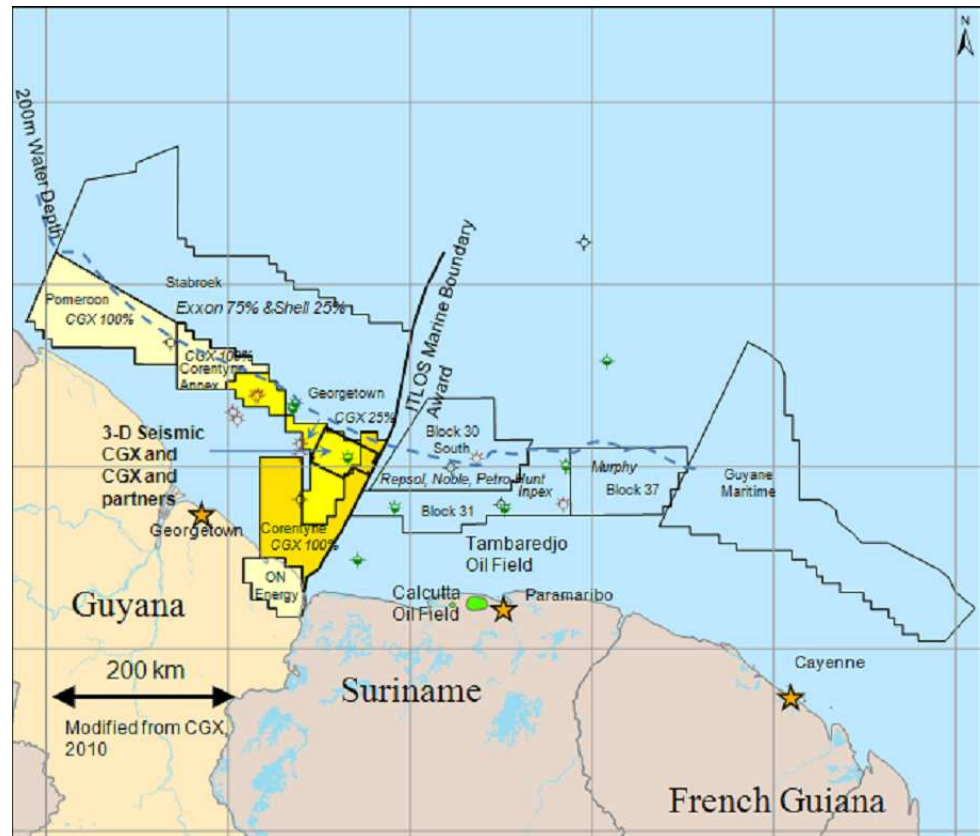
Figure 3: Resource estimate comparison

	Prospective Oil Resources (mmbbl)		
	Low Estimate	Best Estimate	High Estimate
Absolute difference	-735	78	1,756
Percentage change	-65%	3%	28%

Source: Company reports, Gustavson Associates

CGX has an interest in four petroleum agreements comprising a total of 34,723 gross square kilometres in the Guyana portion of the Guyana-Suriname Basin. The basis of the aforementioned resource assessment is limited to a portion of this total acreage and is referred to as the Corentyne Offshore PPL which spans 9,180 square kilometres. Under the terms of its arrangement, CGX must relinquish 20% of the PPL by June 2010 which represents the start of the Second Renewal Phase 1 and includes a one well commitment, which the company plans to fulfil with its first well in Q4/10. The Second Renewal Phase 2 begins in December 2011 and requires an additional exploration well commitment should CGX wish to renew its licence.

Figure 4: Map of CGX interest



Source: Company reports

A proposed location, currently named Eagle 1 has been identified as the first well to be drilled on the licence and will meet the commitment under the PPL. CGX plans to drill in Q4/10, assuming that a partner for the block is found prior to that time. The company currently remains active in its effort to find a joint venture partner to participate in drilling of the well which is estimated to cost in the vicinity of US\$70 million. Drilling will attempt to intersect numerous vertically stacked prospects with the intention of obtaining samples and other data in order to better understand the geology of the area.

Figure 5: Corentyne block and prospects



Source: Company reports

VALUATION

Our 12-month target price of C\$2.25 is based on a discounted cash flow analysis of a 400 million barrel exploration discovery on the Corentyne Offshore PPL. Relative to the previous resource report and the latest update, this prospect size represents what we believe is a mid-range prospect size that could be found on the first exploration well to be drilled into the block. We assume that the company reduces its working interest to 60% through farm-out and also issues equity for operating capital through the exploration and initial evaluation phase of a potential discovery. We also assume that the most likely scenario would not see first production until 2014, with an estimated two years of development required.

Figure 6: 400 million barrel scenario (per share)

		NPV After-Tax @ 20% per FD Share Outstanding (\$C)								
		Long-term Crude Oil Price (US\$/bbl)								
		\$50	\$60	\$70	\$80	\$90	\$100	\$110	\$120	\$130
Operating Costs (US\$/bbl)	\$5.00	\$1.20	\$1.56	\$1.97	\$2.28	\$2.68	\$3.07	\$3.47	\$3.73	\$4.12
	\$7.50	\$1.09	\$1.45	\$1.86	\$2.18	\$2.57	\$2.97	\$3.37	\$3.64	\$4.02
	\$10.00	\$1.03	\$1.41	\$1.76	\$2.08	\$2.47	\$2.87	\$3.27	\$3.66	\$3.93
	\$12.50	\$0.92	\$1.30	\$1.65	\$2.06	\$2.37	\$2.77	\$3.17	\$3.56	\$3.83
	\$15.00	\$0.84	\$1.19	\$1.55	\$1.96	\$2.27	\$2.67	\$3.06	\$3.46	\$3.73

Source: Canaccord Adams

Figure 7: Summary of estimates

CANACCORD Adams

Analyst: J. Frederick Kozak, P.Eng. (403) 508-3836
Associate: Peter Argiris (403) 508-3824

CGX Energy Inc.						OYL					
Recommendation	SPEC BUY					Current price	CS1.83				
12-month target price	CS2.25					Total projected return*	23%				
March 12, 2010						<i>* includes dividends payable</i>					
ALL \$ AMOUNTS ARE IN US\$ UNLESS OTHERWISE NOTED											
Share Information						Market Multiples					
Market cap (\$M)	Current					Discretionary cash flow multiple	2007A	2008E	2009E	2010E	2011E
Shares O/S – basic (M)	\$233.0					Debt-adjusted multiple	NA	NA	NA	NA	NA
Shares O/S – float (M)	127.3					Earnings multiple	NA	NA	NA	NA	NA
Shares O/S – f.d. (M)	79.5					Target multiple	NA	NA	NA	NA	NA
52-week range	CS0.57 CS1.99					Debt-adjusted target multiple	NA	NA	NA	NA	NA
Avg Daily Trading Volume (year)	150,015										
Valuation						Net Income					
Net asset value (CCI est.)	Current					Net income (\$M)	2007A	2008E	2009E	2010E	2011E
Price/NAV	\$2.25					EPS (basic)	(\$0.04)	(\$0.05)	(\$0.03)	(\$0.03)	(\$0.01)
Enterprise value (\$M)	81%					EPS (f.d.)	(\$0.04)	(\$0.05)	(\$0.03)	(\$0.03)	(\$0.01)
EV/proven reserves (\$/boe)	\$217.1										
	NA										
	2007A	2008E	2009E	2010E	2011E						
EV / production (\$/boe/d)	NA	NA	NA	NA	NA						
Return on equity (%)	-6%	-6%	-3%	-3%	-1%						
Return on capital employed (%)	-18%	-15%	-8%	-8%	-2%						
Oil & Liquids Production (bbl/d)						Cash Flow					
First quarter	0	0	0	0	0	Cash flow (\$M)	2007A	2008E	2009E	2010E	2011E
Second quarter	0	0	0	0	0	CFPS (basic)	(\$0.03)	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.02)
Third quarter	0	0	0	0	0	CFPS (f.d.)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.02)
Fourth quarter	0	0	0	0	0	CFPS (f.d.d.)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.02)
Annual	0	0	0	0	0						
Natural Gas Production (mmcf/d)						Capital Expenditures & Debt					
First quarter	0.0	0.0	0.0	0.0	0.0	Capital expenditures (\$M)	2007A	2008E	2009E	2010E	2011E
Second quarter	0.0	0.0	0.0	0.0	0.0	Year-end net debt (\$M)	(\$37.0)	(\$22.4)	(\$15.9)	\$17.9	(\$48.1)
Third quarter	0.0	0.0	0.0	0.0	0.0	Average net debt/cash flow	NA	NA	(3.8)	0.0	(0.5)
Fourth quarter	0.0	0.0	0.0	0.0	0.0	Year-end net debt/cash flow	13.4	16.3	15.5	(4.8)	12.0
Annual	0.0	0.0	0.0	0.0	0.0						
Total Production (boe/d) - 6:1						Commodity Prices					
First quarter	0	0	0	0	0	WTI oil (US\$/bbl)	2007A	2008E	2009E	2010E	2011E
Second quarter	0	0	0	0	0	NYMEX gas (US\$/mmbtu)	\$6.97	\$8.89	\$3.95	\$6.00	\$6.12
Third quarter	0	0	0	0	0	Realized oil & NGL (US\$/bbl)	NA	NA	NA	NA	NA
Fourth quarter	0	0	0	0	0	Realized natural gas (US\$/mcf)	NA	NA	NA	NA	NA
Annual	0	0	0	0	0						
% crude oil & liquids	NA	NA	NA	1%	1%						
Production growth	NA	NA	NA	NA	NA						
Reserves - 6:1 - D & M						Netbacks (\$/boe)					
Equivalent reserves (mmboe)	(at December 31, 2009)					Revenue	2007A	2008E	2009E	2010E	2011E
Proven			Oil	Gas	Total	Net royalties	NA	NA	NA	NA	NA
Proven + probable			NA	NA	NA	Operating costs	NA	NA	NA	NA	NA
% Proven producing			NA	NA	NA	Operating netback	NA	NA	NA	NA	NA
% Proven			NA	NA	NA	Cash flow netback	NA	NA	NA	NA	NA
% Crude oil & liquids			NA	NA	NA						
Reserve life – proven (yrs)			NA	NA	NA						
Proven F&D costs (\$/boe)			1 Year	3 Year							
P+P F&D costs (\$/boe)			NA	NA							
Proven reserve replacement ratio			NA	NA							
						CFPS (f.d.d.) Price Sensitivity					
						+/- US\$1.00/bbl WTI	2007A	2008E	2009E	2010E	2011E
							\$0.00	NA	NA	NA	NA
							0.0%	NA	NA	NA	NA
						+/- CS\$0.10/mcf Gas	2007A	2008E	2009E	2010E	2011E
							\$0.00	NA	NA	NA	NA
							0.0%	NA	NA	NA	NA
						Management Team					
						Kerry Sully, President and CEO	Birch Mountain, Ranchmen's Resources				
						Warren Workman, VP Exploratio	Amoco, Unocal, Ranchmen's				
						James Fairborne, CFO	Vena Resources, Black Pearl Minerals				
						Reservoir Engineer					
						Gustavson Associates	Banker				
							N/A				
						Auditor					
						Parker-Simone LLP	Bank Lines - Q4/09				
							NA	2009E	2010E	2011E	
							NA	NA	NA		

Source: Canaccord Adams

Investment risks

Risks to our investment thesis include:

- An investment in the company's securities would be speculative due to the nature of the company's involvement in the exploration, development and production of oil and natural gas and its present stage of development.
 - Capital requirements and liquidity risks associated with the exploration, development and production of oil and natural gas from the company's Guyana assets.
 - Commodity price swings in crude oil and natural gas could impact CGX Energy's profitability.
 - Adverse changes to government regulations and fiscal terms. Any adverse changes could impact CGX Energy's execution and profitability.
 - A left-leaning government which is less business friendly could affect the profitability of the company's operations.
-

APPENDIX: IMPORTANT DISCLOSURES

Analyst Certification: Each authoring analyst of Canaccord Adams whose name appears on the front page of this investment research hereby certifies that (i) the recommendations and opinions expressed in this investment research accurately reflect the authoring analyst’s personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst’s coverage universe and (ii) no part of the authoring analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the investment research.

Site Visit: An analyst has visited CGX Energy Inc.’s material operations head office in Calgary, Alberta. No payment or reimbursement was received from the issuer for the related travel costs.

Price Chart:*



Distribution of Ratings:
Global Stock Ratings
(as of 1 March 2010)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	398	60.5%	29.6%
Speculative Buy	84	12.8%	59.5%
Hold	161	24.5%	18.6%
Sell	15	2.3%	0.0%
	658	100.0%	

Canaccord Ratings System:

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.
SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.
NOT RATED: Canaccord Adams does not provide research coverage of the relevant issuer.

“Risk-adjusted return” refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier:

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

Canaccord Adams Research Disclosures as of 15 March 2010

Company	Disclosure
CGX Energy Inc.	7

15 March 2010

1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Adams or its affiliated companies. During this period, Canaccord Adams or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Adams or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Adams or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
4	Canaccord Adams acts as corporate broker for the relevant issuer and/or Canaccord Adams or any of its affiliated companies may have an agreement with the relevant issuer relating to the provision of Corporate Finance/Investment Banking services.
5	Canaccord Adams or any of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Adams, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this investment research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
7	Canaccord Adams intends to seek or expects to receive compensation for Corporate Finance/Investment Banking services from the relevant issuer in the next six months.
8	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this investment research, has a long position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity increases.
9	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this investment research, has a short position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity decreases.
10	Those persons identified as the author(s) of this investment research, or any individual involved in the preparation of this investment research, have purchased/received shares in the relevant issuer prior to a public offering of those shares, and such person's name and details are disclosed above.
11	A partner, director, officer, employee or agent of Canaccord Adams and its affiliated companies, or a member of his/her household, is an officer, or director, or serves as an advisor or board member of the relevant issuer and/or one of its subsidiaries, and such person's name is disclosed above.
12	As of the month end immediately preceding the date of publication of this investment research, or the prior month end if publication is within 10 days following a month end, Canaccord Adams or its affiliate companies, in the aggregate, beneficially owned 1% or more of any class of the total issued share capital or other common equity securities of the relevant issuer or held any other financial interests in the relevant issuer which are significant in relation to the investment research (as disclosed above).
13	As of the month end immediately preceding the date of publication of this investment research, or the prior month end if publication is within 10 days following a month end, the relevant issuer owned 1% or more of any class of the total issued share capital in Canaccord Adams or any of its affiliated companies.
14	Other specific disclosures as described above.

Canaccord Adams is the business name used by certain subsidiaries of Canaccord Financial Inc., including Canaccord Adams Inc., Canaccord Adams Limited, and Canaccord Adams, a division of Canaccord Financial Ltd.

The authoring analysts who are responsible for the preparation of this investment research are employed by Canaccord Adams, a division of Canaccord Financial Ltd., a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Adams Inc., a US broker-dealer with principal offices located in Boston, New York, San Francisco and Houston or Canaccord Adams Ltd., a UK broker-dealer with principal offices located in London and Edinburgh (UK).

In the event that this is compendium investment research (covering six or more relevant issuers), Canaccord Adams and its affiliated companies may choose to provide specific disclosures of the subject companies by reference, as well as its policies and procedures regarding the dissemination of investment research. To access this material or for more information, please send a request to Canaccord Adams Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2 or disclosures@canaccord.com.

The authoring analysts who are responsible for the preparation of this investment research have received (or will receive) compensation based upon (among other factors) the Corporate Finance/Investment Banking

revenues and general profits of Canaccord Adams. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Corporate Finance/Investment Banking activities, or to recommendations contained in the investment research.

Canaccord Adams and its affiliated companies may have a Corporate Finance/Investment Banking or other relationship with the company that is the subject of this investment research and may trade in any of the designated investments mentioned herein either for their own account or the accounts of their customers, in good faith or in the normal course of market making. Accordingly, Canaccord Adams or their affiliated companies, principals or employees (other than the authoring analyst(s) who prepared this investment research) may at any time have a long or short position in any such designated investments, Related designated investments or in options, futures or other derivative instruments based thereon.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. This investment research has been prepared in accordance with Canaccord Adams' policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Adams' policy is available upon request.

The information contained in this investment research has been compiled by Canaccord Adams from sources believed to be reliable, but (with the exception of the information about Canaccord Adams) no representation or warranty, express or implied, is made by Canaccord Adams, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Adams has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this investment research constitute Canaccord Adams' judgement as of the date of this investment research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

Canaccord Adams salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this investment research. Canaccord Adams' affiliates, proprietary trading desk, and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this investment research.

This investment research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this investment research may not be eligible for sale in some jurisdictions. This investment research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Adams, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this investment research.

For Canadian Residents: This Investment Research has been approved by Canaccord Adams, a division of Canaccord Financial Ltd., which accepts sole responsibility for this Investment Research and its dissemination in Canada. Canadian clients wishing to effect transactions in any Designated Investment discussed should do so through a qualified salesperson of Canaccord Adams, a division of Canaccord Financial Ltd. in their particular jurisdiction.

For United Kingdom Residents: This investment research is distributed in the United Kingdom, as third party research by Canaccord Adams Limited, which is authorized and regulated by the Financial Services Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom to retail clients, as defined under the rules of the Financial Services Authority.

For United States Residents: Canaccord Adams Inc., a US registered broker-dealer, accepts responsibility for this Investment Research and its dissemination in the United States. This Investment Research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any Designated Investment discussed should do so through a qualified salesperson of Canaccord Adams Inc. Analyst(s) preparing this report that are not employed by Canaccord Adams Inc are resident outside the United States and are not associated persons or employees of any US regulated broker-dealer. Such analyst(s) may not be subject to Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For European Residents: If this Investment Research is intended for disclosure in any jurisdiction other than the United Kingdom, the US or Canada, then the relevant rules and regulatory requirements of that jurisdiction will apply.

Additional information is available on request.

Copyright © Canaccord Adams, a division of Canaccord Financial Ltd. 2010. – Member IIROC/CIPF

Copyright © Canaccord Adams Limited 2010. – Member LSE, authorized and regulated by the Financial Services Authority.

Copyright © Canaccord Adams Inc. 2010. – Member FINRA/SIPC

All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Adams, a division of Canaccord Financial Ltd., Canaccord Adams Limited, and Canaccord Adams Inc. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.
